

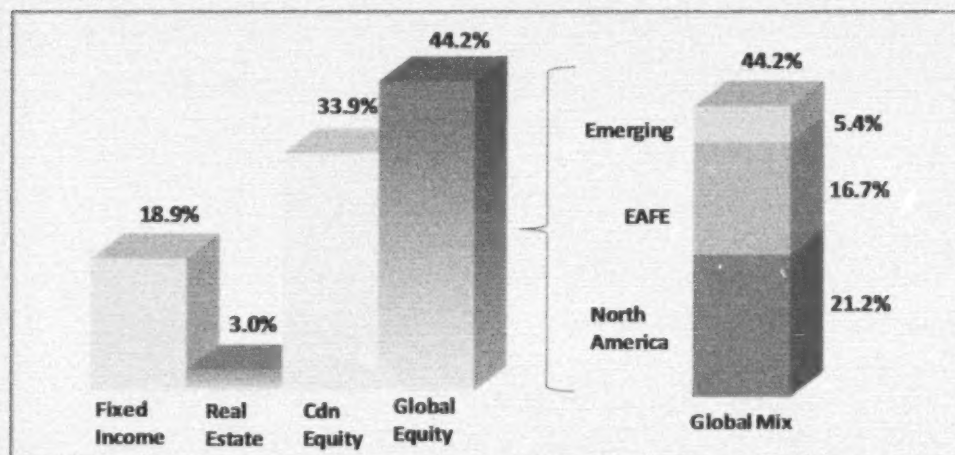
Newfoundland & Labrador Pooled Pension Fund

Quarterly Update – Fourth Quarter Ended December 31, 2014



Asset Mix

Current



Asset Breakdown by Pension Plan

As of December 31, 2014, net assets in the five plans participating in the Province of Newfoundland and Labrador Pooled Pension Fund were as follows:

Pension Plan	Net Assets (\$M)
Public Service Pension Plan	5,256.6
Teachers' Pension Plan	2,970.6
Uniformed Services Pension Plan	182.7
Members of the House of Assembly	20.5
Provincial Court Judges' Pension Plan	6.9
Total Assets	8,437.3

Fund Performance and Global Market Index Returns at December 31, 2014 (\$CAD)

The primary objective of the Plan's investment portfolio is to maximize returns in order to secure the promised pension benefits of the Fund.

	Quarter	YTD	Annualized Return to December 31, 2014 (%)		
			1 Year	4 year	10 year
NL Pooled Pension Fund	2.5	12.0	12.0	9.9	7.7
Policy Benchmark Return	1.8	11.5	11.5	8.9	6.9
S&P / TSX Composite Index	-1.5	10.6	10.6	5.2	7.6
S&P 500	8.8	23.9	23.9	20.1	7.3
MSCI EAFE Index	0.0	4.1	4.1	9.3	4.6
MSCI All Country World Index	4.2	14.1	14.1	13.2	6.3
FTSE TMX Canada Universe Bond Index	2.7	8.8	8.8	5.1	5.3
ICREIM/IPD Cdn Property Index	1.4	5.6	5.6	11.1	11.0

Note: The Policy Benchmark Return is defined as the return that would have been achieved had each individual asset allocation earned a return equivalent to their respective benchmark.

Top 20 Public Equity Holdings at December 31, 2014

Stock	Country	\$Million	%
TORONTO DOMINION BANK	Canada	208	2.45
ROYAL BANK OF CANADA	Canada	187	2.21
BANK OF NOVA SCOTIA	Canada	145	1.72
CANADIAN NATIONAL RAILWAY	Canada	93	1.10
TELUS	Canada	91	1.08
CANADIAN NATURAL RESOURCES	Canada	86	1.01
MANULIFE FINANCIAL	Canada	75	0.88
BROOKFIELD ASSET MGMT	Canada	75	0.88
MAGNA INTL	Canada	70	0.82
CANADIAN IMPERIAL BK OF COMM	Canada	67	0.79
LOBLAW COMPANIES	Canada	64	0.76
CANADIAN PACIFIC RAILWAY	Canada	63	0.74
ROGERS COMMUNICATIONS	Canada	63	0.74
VALEANT PHARMACEUTICALS	Canada	58	0.69
CANADIAN TIRE	Canada	54	0.63
AMAZON.COM	Canada	52	0.61
SUNCOR ENERGY	United States	48	0.57
MARKEL CORP	Canada	45	0.53
OPEN TEXT CORPORATION	United States	42	0.50
ALIMENTATION COUCHE-TARD	Canada	42	0.50

Public Service Pension Plan Reform

On September 2, 2014, the Provincial Government and the five largest unions (AAHP, CUPE, IBEW, NAPE AND NLNU) representing employees of the Public Service Pension Plan (PSPP) signed an agreement that will ensure the sustainability of the PSPP. Highlights of this agreement include:

- Joint management of the PSPP and an equal sharing between Government and plan members in any future surpluses and deficits.
- The Provincial Government will pay \$2.685 billion, amortized over 30 years, to address the unfunded liability of the plan.
- Unions have agreed to plan changes with a value of approximately \$1.128 billion. These changes came into effect on January 1, 2015, and include increases to contribution rates, and changes to pension eligibility and eligibility for post-employment group health and life insurance benefits.
- PSPP assets will be transferred from the Newfoundland and Labrador Pooled Pension Fund to a separate PSPP Fund.
- Establishment of the Public Service Pension Fund Corporation as the administrator of the PSPP and Trustee of the PSPP Fund.

Investment Commentary

The healthy bond market returns of the third quarter continued into the fourth quarter with the FTSE TMX Canada Universe Bond Index posting a return of 2.7% for the quarter. As in Q3 2014, the Municipal and Provincial sectors both outperformed the index and Corporate and Federal bonds underperformed. Canada's equity market fell for a second consecutive quarter, with the S&P/TSX Composite Index posting a -1.5% return as a result of the collapse in oil prices, evidenced by a -15.8% return in the Energy sector. The rest of the market, bolstered by the benefits of lower energy costs, posted strong gains for the consumer related sectors of between 10.8% and 20.2%. Global equity markets produced solid returns during the fourth quarter, with the MSCI All Country World Index posting a 4.2% return. As with Canada's equity market, the -12.2% return in the Global Energy sector was outweighed by strong positive returns in other Global sectors, with seven of ten sectors outperforming the benchmark. The U.S. once again led the way in Global returns, with the S&P 500 Index showing a return of 4.9% for the quarter. This translated into an 8.8% total return for Canadian investors as a result of Canadian dollar weakness. The ICREIM/IPD Canadian Property Index return was 1.2% for the quarter, while the one year return remains positive at 5.6%.

For the quarter, the Newfoundland and Labrador Pooled Pension Fund had a positive return of 2.5%, outperforming its benchmark by 70 basis points. For the twelve months ended December 31, 2014, the Fund generated a 12.0% return, exceeding its benchmark by 55 basis points due to strong performance by the Fund's Canadian equity investment managers.